

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2003-05 BIENNIUM

Beginning balance - July 1, 2003		\$5,753,089
Add estimated revenues		
Transfers to date from the tobacco settlement trust fund	\$2,298,326 ¹	
Projected remaining transfers from the tobacco settlement trust fund	<u>2,297,207</u>	
Total revenues		<u>\$4,595,533²</u>
Total available		\$10,348,622
Less expenditures		
State Department of Health		
Tobacco prevention and control (2003 HB 1004)	\$4,700,000 ³	
Dentists' loan program (2003 HB 1004)	300,000 ⁴	
Community health grants (2003 SB 2297)	600,000 ⁵	
Tobacco "quit line" (2003 HB 1004)	424,000 ⁶	
Department of Human Services		
Breast and cervical cancer assistance (2003 SB 2012)	<u>114,755⁷</u>	
Total expenditures		<u>\$6,138,755</u>
Estimated ending balance - June 30, 2005		<u><u>\$4,209,867</u></u>

NOTE: The estimated June 30, 2005, balance made at the end of the 2003 legislative session was \$3,498,037. The increase of \$711,830 is primarily due to the July 1, 2003, biennium beginning balance being more than projected and estimated expenditures for the dentists' loan and tobacco cessation programs being less than originally projected.

¹Three 2003-05 biennium transfers have been made from the tobacco settlement trust fund as of April 30, 2004, totaling \$2,298,326. Total transfers of \$12,952,041 have been made from the tobacco settlement trust fund to the community health trust fund.

²Revenues - Interest earned on the community health trust fund is deposited in the state general fund. The tobacco settlement revenues for the community health trust fund were estimated to be \$5,127,121 for the 2003-05 biennium at the end of the 1999 legislative session. The decrease in the amount of revenues collected from the tobacco settlement trust fund of \$531,588 is the result of volume adjustments made to payments received. A volume adjustment is an adjustment made to a settlement payment to reflect increases or decreases in tobacco manufacturers' operating income from cigarette sales. The original estimate was calculated before the anticipated effect of volume adjustments on tobacco settlement collections was determined. The revenues for the community health trust fund originally estimated during the 1999 legislative session and the estimated collections as revised by the Office of Management and Budget to reflect anticipated volume adjustments are:

Biennium	1999 Original Estimated Collections	Office of Management and Budget Revised Estimated Collections
1999-2001	\$5,759,377	\$5,290,078
2001-03	6,114,358	5,363,637
2003-05	5,127,121	4,595,533
2005-07	5,127,121	4,594,413
2007-17 (\$8,223,108/\$7,368,727 per biennium)	41,115,540	36,843,633
2017-25 (\$5,859,149/\$5,250,383 per biennium)	23,436,596	21,001,532
Total	\$86,680,113	\$77,688,826

³1999 House Bill No. 1475 (North Dakota Century Code (NDCC) Section 54-27-25) provides that money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly provided an appropriation of \$4.7 million, the same as the 2001-03 biennium appropriation, to the State Department of Health for tobacco prevention and control programs. A total of \$1.6 million has been expended as of April 2004.

⁴2001 Senate Bill No. 2276 (NDCC Chapter 43-28.1) provides for the establishment of a dentists' loan repayment program. Each year the State Health Council is to select up to three dentists who agree to provide dental services in the state. The dentists are eligible to receive funds for the repayment of their educational loans. The funds are payable over a four-year period and may not exceed \$80,000 per applicant. The 2001 Legislative Assembly added intent to Senate Bill No. 2276 that the 2003 Legislative Assembly provide sufficient funds for continuation of the program. The annual selection of the dentist is to be based on the size of the community that will be served as follows:

- One dentist serving a community with less than 2,500 residents.
- One dentist serving a community with less than 10,000 residents.
- One dentist serving a community with 10,000 or more residents.

Three dentists were accepted into the program during the 2001-03 biennium, two serving communities over 10,000 residents (both Minot) and one serving a community with less than 2,500 residents (Larimore). The Legislative Assembly, as provided in 2003 Senate Bill No. 2378, changed the dental loan repayment program effective for the 2003-05 biennium from requiring one dentist from each of the community size categories to providing the highest priority for acceptance into the program to dentists willing to serve the smallest and most underserved communities in North Dakota. As of March 2004 two dentists have been approved for the dental loan repayment program—one dentist serving the Fargo Community Health Center and one serving New Rockford. The 2003 Legislative Assembly appropriated \$380,000 from the community health trust fund for the dental loan repayment program; however, because only three dentists were approved for the program during the 2003-05 biennium actual expenditures are estimated to be only \$300,000.

⁵The community health grant program was established in 2001 Senate Bill No. 2380 (NDCC Section 23-38-01) with the intent to prevent or reduce tobacco usage. The Legislative Assembly, as provided in 2003 Senate Bill No. 2297, appropriated \$600,000 for funding the Community Health Grant Advisory Committee (\$100,000) and for providing for city, county, and state employee tobacco education and cessation programs (\$500,000). In addition, the Legislative Assembly authorized the total unexpended 2001-03 appropriated funds of \$204,052 for city and county tobacco cessation and education programs to be carried forward to the 2003-05 biennium. The State Department of Health, however, does not anticipate expenditures for cessation programs will exceed the original \$500,000 appropriation for the 2003-05 biennium. The grants to cities and counties for cessation programs are to be matched with \$1 of local funds for every \$3 of state funds.

⁶The Legislative Assembly appropriated \$680,000 for establishing a telephone tobacco "quit line." The State Department of Health is negotiating with various providers and is estimating it will cost approximately \$424,000 to implement and operate the "quit line" for the first year. The anticipated startup date for the "quit line" is July 2004. No expenditures have been incurred for the "quit line" as of April 2004.

⁷The Legislative Assembly appropriated \$114,755, the same as the 2001-03 biennium, to the Department of Human Services for providing medical assistance coverage for women screened and found to have breast and cervical cancer.

FUND HISTORY

The community health trust fund was created by the 1999 Legislative Assembly through passage of House Bill No. 1475. This bill creates a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.